

Message Text

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47

ACTION AID-59

INFO OCT-01 ADP-00 EA-04 EB-05 IGA-02 INR-09 CIAE-00

DODE-00 /080 W

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R 021215 Z APR 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 9512

C O N F I D E N T I A L SAIGON 5421

AIDAC

E. O. 11652: GDS

SUBJECT: GVN PLANS FOR ECONOMIC ASSISTANCE

REFERENCE: (A) STATE 058534

(B) SAIGON 4961

1. RE PARA 1, REF A, FOLLOWING IS BREAKDOWN OF CY 73 IMPORTS
BY MAJOR COMMODITY GROUPS AS PROPOSED BY GVN (ALL DATA IN \$
MILLIONS):

A. CIP LICENSING

CONSUMPTION GOODS:

DAIRY PRODUCTS 3.0

PHARMACEUTICALS 0.5

TIRES AND TUBES 2.0

SUBTOTAL 5.5

POL FUELS 90.0

RAW MATERIALS & CONSTRUCTION:

ANIMAL FEED SUPPLEMENTS 4.5

CHEMICALS & PLASTICS 50.0

FERTILIZER & INSECTICIDES 50.0

WOODPULP 10.0

YARNS & FIBRES 48.0

IRON & STEEL 45.0

OTHER 4.6

SUBTOTAL 212.1

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CAPITAL GOODS:

ENGINES & BOILERS 10.0
TEXTILE MACHINERY 8.0
ELECTIRCAL MACHINERY 10.0
OTHER INDUSTRIAL MACHINERY 25.0
GENERATORS & MOTORS 6.0
SEWING MACHINES 3.0
VEHICLES, TRUCKS & PARTS 20.0
OPTICAL & MEDICAL EQUIPMENT 1.0
OTHER MACHINERY & EQUIPMENT 10.0
SUBTOTAL 93.0
TOTAL CIP 400.6

B. GVN PAYMENTS

CONSUMPTION GOODS
SUGAR 45.0
DAIRY PRODUCTS 12. 0
OTHER FOODSTUFFS 9.0
PHARMACEUTICALS 24.5
TEXTILE FABRICS 20.0
MOTORCYCLE PARTS 4.0
TIRES & TUBES 4.0
PAPER PRODUCTS 5.0
OTHER MANUFACTURED GOODS 6.2
OTHER 10.0
SUBTOTAL 138.7

RAW MATERIALS & CONSTRUCTION:

CEMENT 23.0
CHEMICALS & PLASTICS 10.0
NON- FERROUS METALS 4.0
IRON & STEEL 10.0
SEEDS 3.0
BARLEY & MALT 2.0
ANIMAL FEED SUPPLEMENTS 1.0
OTHER 8.6
SUBTOTAL 61.6

CAPITAL GOODS:

ENGINES & BOILERS 10.0
TEXTILE MACHINERY 2.0
ELECTRICAL MACHINERY 10.0
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OTHER INDUSTRIAL MACHINERY 25.0

GENERATORS & MOTORS 2.0
VEHICLES, TRUCKS & PARTS 5.0
AIRPLANE PARTS 1.0
OPTICAL & MEDICAL EQUIPMENT 2.0
OTHER MACHINERY & EQUIPMENT 10.0
SUBTOTAL 67.0
TOTAL GVN 267.3

2. RE PARA 2, REF A, BASIC EXCHANGE RATE ASSUMPTION UNDERLYING
MONETARY GAP PROJECTION WAS 10 PER CENT DEVALUATION OF THE OFFICIAL
RATE, MEASURED FROM BEGINNING TO END OF CY 73. AVERAGE EFFECTIVE
IMPORT RATE WILL HAVE MOVED CONSIDERABLY MORE THAN THIS, CONSIDER-
ING ADDITIONAL TAXES ON IMPORTED COMMODITIES IMPOSED THUS FAR THIS
YEAR AND FACT THAT CIP RATE HAS ALREADY MOVED 12.5 PER CENT (FROM
320 TO 360). GIVEN THE TIME LAG BETWEEN LICENSING AND PAYMENT
ON CIP GOODS, AND THE FACT THAT IN MOST CASES THE EXCHANGE RATE
IS GUARANTEED IN ADVANCE, ESTIMATE OF IMPORT ABSORPTION WOULD VARY
LITTLE ACCORDING TO THE ASSUMED DEGREE OF DEVALUATION OF THE CIP
RATE. ACCORDINGLY, AS NOTED PARA 7, REF B, PROJECTIONS OF IMPORT
ABSORPTION WERE BASED ON THE CURRENT EXCHANGE RATE PATTERN AND NO
ATTEMPT WAS MADE TO ESTIMATE THE PRECISE EXTENT OF DEVALUATION OF
EITHER THE CIP RATE OR THE AVERAGE EFFECTIVE IMPORT RATE.
BENNETT

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*** Current Classification *** CONFIDENTIAL

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